



County of Los Angeles CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

September 30, 2005

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

To: Supervisor Gloria Molina, Chair
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

QUARTERLY REPORT ON COMMUNITY REDEVELOPMENT AGENCY (CRA) ACTIVITY (THIRD QUARTER 2005)

In response to the increased level of CRA activity in the County and this office's augmented role in analyzing and scrutinizing these activities, we provided your Board with an initial "Quarterly Report on CRA Issues" on October 12, 2000. Attached is the latest Quarterly Report, covering activities during the third quarter of the calendar year. As we indicated in our initial report to your Board, and consistent with the Board-approved policies and procedures, this office works closely with the Auditor-Controller, County Counsel, and appropriate Board offices in: analyzing and negotiating proposals by redevelopment agencies to amend existing redevelopment agreements; reviewing proposed new projects for compliance with redevelopment law, particularly blight findings and determining appropriate County response; and ensuring appropriate administration of agreements and projects.

The attached report reflects a summary of the following activities during the quarter:

- Notifications provided to the Board regarding new projects;
- Board letters/actions; and
- Major ongoing issues and other matters, including litigation.

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Also for your information, attached is a chart which illustrates the fiscal impact of CRA projects on the County's General Fund. It was distributed at the August 9, 2005 California State Assembly Housing and Community Development Committee hearing regarding pending redevelopment legislation.

Please let me know if you have any questions, or your staff may contact Robert Moran at (213) 974-1130.

DEJ:MKZ
RTM:os

Attachments

c: Auditor-Controller
County Counsel

COMMUNITY REDEVELOPMENT AGENCY (CRA) ISSUES
Quarterly Report – Third Quarter 2005 – September 30, 2005

New CRA Projects - Routine Notifications/Reports Provided to Board

CRA Projects	District	Type of Notification	Date
None			

Board Letters/Actions During Quarter

CRA Projects	District	Action	Date of Board Action
Vernon Industrial Project	First	Subordination resolution	September 20, 2005

Major Ongoing or Emergent CRA Issues

Glendora (Fifth District)

Issue: Redevelopment Project No. 5 for the Glendora Community Redevelopment Agency would merge the Agency's four existing redevelopment areas in the City, add new territory, and establish the authority to purchase non-residential real property through eminent domain in all five areas. The added area comprises approximately 310 acres.

Status: Staff met with City and advised them that the proposed project area does not appear to meet blighting requirements consistent with Redevelopment Law. City has delayed project adoption pending a compromise with County staff. Staff will continue to work with City and study County impact of any proposals.

Los Angeles (First and Second Districts)

Issue: The City of Los Angeles Community Redevelopment Agency (LACRA) is proposing to merge, extend, and add area to the existing projects in downtown Los Angeles (Central Business District, Bunker Hill, and Little Tokyo). Because the proposal is not consistent with redevelopment law, the City's plan would require special legislation.

Status: County Counsel provided staff's detailed analysis of the City's proposal to the Board. In summary, the analysis suggests that the City's proposal would divert billions of dollars from the County General Fund and is legally unsound given the recent Court of Appeals ruling on the CBD project. Staff also has concerns regarding the City's reliance on capital spending, and lack of programmatic funding, to address the homelessness issues in downtown Los Angeles.

Whittier (Fourth District)

Issue: The City of Whittier issued an initial study for the proposed Amendment to the Commercial Corridor Redevelopment Plan. The Amendment would add approximately 218 acres in three sub-areas to the existing project area.

Status: This office reviewed the Agency's Preliminary Report, and concluded it was generally consistent with the blight standards required by redevelopment law. However, staff continues to work with the City regarding the placement of the value of the Nelles School site in the base year of the project when it is transferred from public to private ownership.

Litigation

Los Angeles - City Center (First and Second Districts)

Issue: Agency adopted the City Center Redevelopment Project on May 15, 2002. This project of approximately 880 acres in Downtown Los Angeles reestablishes as a new project much of the existing Central Business District (CBD) Project, which has reached its court-validated project cap.

Status: The County filed a lawsuit objecting to the Project on the basis that it violates the court-validated project cap on the CBD Project, and improperly includes 30 acres of non-blighted parking lots surrounding the Staples Center. On June 24, 2003, the trial judge issued a final decision invalidating the project. On April 19, 2005 the 2nd District Court of Appeal ruled that the proposed City Center Project can proceed, but cannot include any of the former CBD areas, which comprise the majority of the Project.

Los Angeles - Central Industrial (First and Second Districts)

Issue: The City adopted the Central Industrial Redevelopment Project on November 15, 2002. The project includes approximately 744 acres of primarily industrial areas located in the southeast section of Downtown Los Angeles. Similar to the City Center Project, the Central Industrial Project includes detachment of parcels from the CBD Project.

Status: Similar to City Center, County filed lawsuit objecting to the Project on the basis that it violates the court-validated project cap on the CBD project. On September 19, 2003, the court issued a ruling invalidating the project. The Court of Appeal similarly ruled that the proposed Central Industrial Project can proceed, but cannot include any of the former CBD areas.

Legislation

NOTE:

The Legislature has held all redevelopment bills as two-year bills. The Senate Local Government Committee, and presumably at least one Assembly policy committee, will be holding interim hearings on blight and the impact of the Kelo decision on the application of eminent domain. These interim hearings could lead to new bills in 2006.

AB 921

Issue: This bill would allow the term of redevelopment projects to be extended for an additional 25 years to address both market and affordable housing needs, without making a new finding of blight.

Status: Because AB 921 would divert significant property tax revenues from the County, the County's Sacramento advocates are opposing this bill. The committee hearing was postponed.

AB 1167

Issue: This bill would allow the City of El Monte to amend its Downtown Redevelopment Project to carry out transit-oriented projects. The proposed amendment would extend the time limit of the project by ten years and modify the existing pass-through payments to the County.

Status: CAO staff will work with City representatives to review project details in order to estimate the financial impact on the County and if special legislation is warranted.

AB 1330

Issue: This bill would authorize the Los Angeles City Council to designate the Los Angeles Board of Harbor Commissioners as the redevelopment agency for the Los Angeles Harbor District. In addition, AB 1330 contemplates a new redevelopment project by: creating a new definition of blight to fit the current conditions of the Los Angeles Harbor; exempting the Harbor District from environmental impact report (EIR) requirements; shortening plan adoption reporting requirements; and eliminating the prohibition on redevelopment agency use of property tax increment for operations and maintenance expenses (current law restricts the use of agency funds to capital expenses).

Status: AB 1330 would divert significant property tax revenues from the County. Also, AB 1330 eliminates many of the procedural and substantive changes to the redevelopment law enacted by the 1993 Community Reform Act (AB 1290). The Legislature enacted AB 1290 to address abuses including the inappropriate adoption of projects that were not “blighted.” The bill did not pass out of committee, but could be brought back after further study.

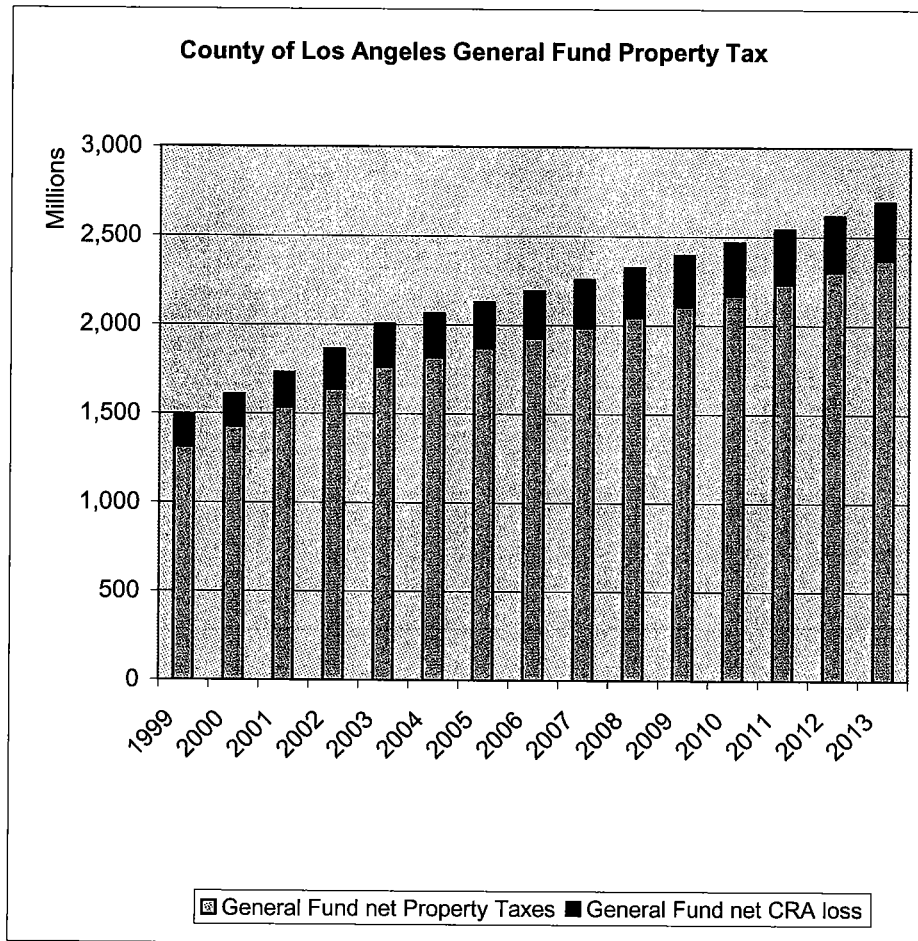
SB 521

Issue: This bill would change redevelopment law relating to transit villages to: allow local governments to extend the boundaries of a transit village development plan; add the lack of high density development within a transit village development district as an economic condition that causes blight; and require the California Infrastructure and Economic Development Bank to make a finding whether the proposed project is consistent with the requirements of redevelopment law.

Status: Because SB 521 weakens the reforms of AB 1290 by adding new criteria that would allow transit village boundaries to be extended and the definition of blight to be expanded, the County’s Sacramento advocates are opposing this bill. The bill passed the Senate, and moved to the Assembly committee on local government.

Overall CRA Statistics

Active CRA Projects	311
Pending CRA Projects	14



3.00%	Gross Property Taxes <u>General Fund</u>	General Fund <u>Gross CRA Loss</u>	Revenue Pass-Thrus to <u>General Fund</u>	General Fund <u>net CRA loss</u>	Cumulative General Fund <u>net CRA loss</u>	Net General Fund Share
1999	1,491,456,639	234,733,911	55,442,446	179,291,465	179,291,465	1,312,165,174
2000	1,605,711,258	258,250,651	78,659,689	179,590,962	358,882,427	1,426,120,296
2001	1,729,182,514	285,979,474	91,432,526	194,546,948	553,429,375	1,534,635,566
2002	1,862,454,743	322,632,403	99,490,260	223,142,143	776,571,518	1,639,312,600
2003	2,003,836,952	347,136,665	106,573,800	240,562,865	1,017,134,383	1,763,274,087
2004	2,063,952,061	357,550,765	109,771,014	247,779,751	1,264,914,134	1,816,172,310
2005	2,125,870,622	368,277,288	113,064,144	255,213,143	1,520,127,277	1,870,657,479
2006	2,189,646,741	379,325,607	116,456,069	262,869,538	1,782,996,815	1,926,777,203
2007	2,255,336,143	390,705,375	119,949,751	270,755,624	2,053,752,439	1,984,580,519
2008	2,322,996,228	402,426,536	123,548,243	278,878,293	2,332,630,732	2,044,117,935
2009	2,392,686,114	414,499,332	127,254,691	287,244,641	2,619,875,373	2,105,441,473
2010	2,464,466,698	426,934,312	131,072,331	295,861,981	2,915,737,354	2,168,604,717
2011	2,538,400,699	439,742,341	135,004,501	304,737,840	3,220,475,194	2,233,662,859
2012	2,614,552,720	452,934,612	139,054,636	313,879,975	3,534,355,169	2,300,672,744
2013	2,692,989,301	466,522,650	143,226,275	323,296,375	3,857,651,544	2,369,692,927

Source: Auditor-Controller, actual secured and unsecured General Fund property tax.

Revenue pass-thrus include: Contract, AB 1290, annual growth under Sections 33401 and 33676, and cap limit overage amounts.

Actual numbers for 1999-2003, estimates for future years based on property tax growth of 3% per year.

Numbers of CRA projects in 2004-05:

AB 1290 Projects:	58
Projects with contractual pass-thru Agreements:	132
Projects without contractual pass-thru Agreements:	120
Total:	310